

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 ARA-06 SP-02 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 LAB-04 SIL-01 AGR-05 AF-06 DODE-00 PM-04 H-02

L-03 PA-01 PRS-01 SAJ-01 ACDA-05 MC-02 IO-11 /127 W

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P R 041250Z FEB 76

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC PRIORITY 9615

INFO AMEMBASSY COPENHAGEN

AMEMBASSY LISBON

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY REYKAJAVIK

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L HELSINKI 0243

E.O. 11652: GDS

TAGS: PFOR, FI, CU, AO

SUBJECT: FINLAND EXTENDS TEN MILLION MARK CONCESSIONAL CREDIT  
TO CUBA

REF: (A) HELSINKI0056, (B) 75 HELSINKI A 57

1. SUMMARY: FINNS ON JANUARY 30 EXTENDED TEN MILLION MARK  
CONCESSIONAL CREDIT TO CUBA. FINNS SIGNED CREDIT AGREEMENT  
AFTER BEING TOLD OF US DEEP CONCERN ABOUT CUBAN INVOLVEMENT IN  
ANGOLA, WHICH HAD BEEN MADE CLEAR TO FOREIGN MINISTER BY AMBASSA-  
DOR.AMBASSADOR ON FEBRUARY 2 REGISTERED  
DISAPPOINTMENT AT FINNISH ACTION WITH PRESIDENT KEKKONEN,  
AND ON FEBRUARY 3 ALSO RAISED MATTER WITH PRIME MINISTER.  
FINNISH ACTION MAY BE DUE TO LEFTIST PRESSURE OR WISH TO  
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BALANCE RECENT REFUSAL SUBMIT TO SOVIET PRESSURE ON RECOGNI-

TION OF MPLA-ANGOLA. END SUMMARY.

2. FINLAND ON JANUARY 30 INITIATED AGREEMENT TO LEND CUBA FMK 10 MILLION FOR A PERIOD OF 25 YEARS. THE FIRST 7 YEARS ARE FREE OF INTEREST AND AMORTIZATION PAYMENTS BY CUBA; THEREAFTER THE RATE OF INTEREST WILL BE 2 PERCENT. THE LOAN AGREEMENT WAS INITIALED(BUT NOT SIGNED) AT THE CONCLUSION OF THE FOUR-DAY FIRST ANNUAL MEETING OF THE FINNISH-CUBAN COOPERATION COMMISSION ESTABLISHED UNDER THE TERMS OF LAST YEAR'S 10-YEAR AGREEMENT ON ECONOMIC, SCIENTIFIC AND TECHNICAL COOPERATION (SEE REF B FOR SPANISH LANGUAGE TEXT OF AGREEMENT). THE NEW LOAN COMES AT A TIME WHEN A FINNISH LOAN GRANTED IN 1973 IS ALMOST EXHAUSTED. THE 1976 LOAN IS, ACCORDING TO A FOREIGN MINISTRY SOURCE, TO BE USED MAINLY FOR THE CONSTRUCTION IN CUBA OF A PULP AND PAPER PLANT WHICH WILL USE BAGASSE (SUGAR CANE WASTE) AS THE RAW MATERIAL. THE GOVERNMENT-OWNED FINNISH FIRM VALMET HAS DEVELOPED A PAPERMAKING MACHINE WHICH CAN UTILIZE BAGASSE. THE LOAN IS TO BE USED ALSO FOR THE PURCHASE OF OTHER CAPITAL GOODS AND SERVICES WHICH WILL PROMOTE CUBAN ECONOMIC AND SOCIAL DEVELOPMENT. EIGHTY PERCENT OF PROCUREMENT OF GOODS AND SERVICES FROM THE LAON MUST BE IN FINLAND.

3. ON JANUARY 16 AMBASSADOR CALLED ON FOREIGN MINISTER SORSA FOR SPECIFIC PURPOSE OF IMPRESSING UPON SORSA GREAT CONCERN USG FEELS ABOUT HEAVY SOVIET-CUBAN INTERVENTION IN ANGOLA. AMBASSADOR UNDERSCORED PROBLEMS THAT SUCH INVOLVEMENT IN ANGOLA WAS CREATING, POINTING OUT THAT SITUATION WAS NOT ONLY A TESTING OF DETENTE, BUT, PARTICULARLY IN THE CASE OF CUBAN INVOLVEMENT, ALSO HAD WIDER RAMIFICATIONS THAN ANGOLA. AMBASSADOR ALSO ASKED SORSA WHETHER OR NOT CUBAN INVOLVEMENT IN ANGOLA WOULD HAVE ANY EFFECT ON FINNISH FOREIGN AID TO CUBA. SORSA WAS CLEARLY SURPRISED AT QUESTION AND SAID THAT MATTER HAD NOT EVEN BEEN CONSIDERED WITHIN GOF.

4. DCM ON FEBRUARY 2 RAISED FINNISH CONCESSIONARY  
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CREDIT TO CUBA WITH MFA FOREIGN AID SECTION CHIEF PEKKA MALINEN. DCM TOLD MALINEN THAT EMBASSY VERY DISTRESSED AT ANNOUNCEMENT OF FINNISH LOAN TO CUBA AND POINTED OUT THAT IT COULD BE CONSIDERED BY SOME AS AN UNFRIENDLY ACT TOWARD THE US. MALINEN SAID THAT LAON WAS CONTINUATION OF FINNISH FOREIGN AID PROGRAM TO CUBA WHICH HAD BEEN GOING ON FOR ABOUT FIVE YEARS. HE EXPLAINED THAT FINLAND HAD A SPECIAL INTEREST IN BAGASSE PROJECT FOR MAKING

PAPER AND SAID THAT PROJECT WOULD BE AIDED BY TEN MILLION MARK FUND. MALINEN SAID THAT POLICY QUESTIONS ON FINNISH FOREIGN AID PROGRAM WERE HANDLED BY MFA POLITICAL SECTION. CONCERNING THE TIMING OF INITIALING FINNISH-CUBAN AGREEMENT, MALINEN SAID THAT CUBANS HAD SIMPLY TOLD FINNS THEY WERE COMING TO HELSINKI AND THAT FINNS HAD NOT DECIDED THE TIMING.

5. AMBASSADOR TOOK OPPORTUNITY OF PRESENCE PRESIDENT KEKKONEN AT RESIDENCE DINNER FEBRUARY 2 TO REGISTER WITH KEKKONEN HIS GREAT DISAPPOINTMENT AT FINNISH ACTION OF EXTENDING CONCESSIONARY CREDIT TO CUBA AT A TIME WHEN CUBANS HAD EMBARKED ON MILITARY ADVENTURISM IN FAR AWAY PLACE LIKE ANGOLA. AMBASSADOR POINTED OUT TO KEKKONEN THAT SOVIET AND CUBAN INVOLVEMENT IN ANGOLA CERTAINLY NOT IN HELSINKI SPIRIT AND ALSO NOTED HIS CONCERN THAT CUBAN INVOLVEMENT COULD SPREAD TO OTHER PLACE SUCH AS RHODESIA -- TO WHICH KEKKONEN ADDED: "AND MOROCCA."

6. AMBASSADOR ALSO RAISED LOAN TO CUBA WITH PRIME MINISTER MIETTUNEN ON FEBRUARY 3 DURING A VISIT TO PM'S OFFICE. MIETTUNEN CAREFULLY NOTED AMBASSADOR'S EXPRESSION OF CONCERN OVER FINNISH ACTION IN LIGHT OF CUBAN INVOLVEMENT IN ANGOLA, BUT DISCLAIMED ANY PRIOR KNOWLEDGE OF THE MATTER. THIS IS QUITE POSSIBLE SINCE MIETTUNEN HAS BEEN COMPLETELY PREOCCUPIED WITH BUDGET AND INCOMES POLICY QUESTIONS SINCE HE ASSUMED OFFICE IN DECEMBER, AND SINCE FOREIGN POLICY MATTERS ARE NORMALLY THE PROVINCE OF THE PRESIDENT AND FOREIGN MINISTER. MIETTUNEN'S NOT KNOWING ABOUT THE MATTER IS A FURTHER INDICATION THAT IT HAS NOT BEEN RAISED  
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WITHIN CABINET DURING PAST TWO MONTHS.

7. SOCIAL DEMOCRATIC DAILY DEMARI JANUARY 31 CARRIED ITEM WHICH REPORTED THAT A MIKKO MAENPAA HAD SOME TIME AGO ASKED SOCIAL DEMOCRATIC CHAIRMAN (AND FOREIGN MINISTER) SORSA WHETHER FINNISH DEVELOPMENT AID TO CUBA ULTIMATELY IS USED TO FINANCE THE ARMS AND TROOPS THAT CUBA HAS SENT TO ANGOLA. ACCORDING TO DEMARI, SORSA HAD REPLIED IN SMALL SOCIAL DEMOCRATIC PORI PAPER UUSI AIKA THAT FINNISH AID IS USED TO DEVELOP THE CENTRAL CATERING SYSTEM AND CHILD GUIDANCE CLINICS IN CUBA. SORSA IS ALSO QUOTED AS HAVING SAID THAT "IN ACCORDANCE WITH ITS PRINCIPLES FINLAND'S DEVELOPMENT AID IS IN THE FORM OF EXPERT ASSISTANCE, CONSULTING SERVICE, EDUCATION, AND COMMODITIES. FINNISH

DEVELOPMENT AID IS USED TO FINANCE WELL-CONSIDERED AND PLANNED PROJECTS, AND WE ARE WELL AWARE OF FOR WHAT PURPOSE OUR MONEY IS USED. IT IS STILL OUR PRINCIPLE TO DIRECT OUR DEVELOPMENT AID TOWARD PROJECTS AIMED AT BUILDING UP SOCIETY AND COUNTRIES WHERE WE KNOW THAT IT WILL HELP THE LESS AFFLUENT. OUR DEVELOPMENT AID CANNOT THEREFORE BE USED FOR MILITARY PURPOSES."

8. COMMENT: THERE IS NO QUESTION BUT THAT AT LEAST FOREIGN MINISTER SORSA KNEW FULL WELL GREAT US CONCERN OVER SOVIET AND CUBAN INVOLVMENT IN ANGOLA, AND KNEW IT BEFORE FINNS SIGNED LOAN AGREEMENT WITH CUBA. HE ALSO WAS AWARE OF US INTEREST IN FINLAND'S POLICY ON FOREIGN AID TO CUBA IN LIGHT OF NEW SITUATION WITH CUBAN INVOLVEMENT IN ANGOLA. HOWEVER, ACCORDING TO MAILINEN, MFA FOREIGN AID SECTION DID NOT RECEIVE ANY NEW INSTRUCTIONS. MALINEN ALSO FELT THAT CABINET PROBABLY HAD NOT CONSIDERED ISSUE BECAUSE IT HAD BEEN COMPLETELY PREOCCUPIED WITH INCOMES POLICY NEGOTIATIONS. SORSA MAY HAVE DECIDED NOT TO BRING UP QUESTION IN CABINET EITHER BECAUSE OF HIS OWN WISH TO GO AHEAD WITH THE LOAN TO CUBA, OR BECAUSE HE KNEW THAT UNDER PRESENT CIRCUMSTANCES WITH A GREAT DEAL OF LEFTIST PRESSURE FOR RECOGNITION OF MPLA-ANGOLA AND SYMPATHY FOR CUBA, AND WITH A GOVERNMENT WHICH INCLUDED COMMUNISTS, THERE WAS NO WAY TO HOLD BACK ON CONFIDENTIAL

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PROVIDING FOREIGN AID TO CUBA. SORSA MAY ALSO HAVE BEEN CONCERNED THAT WITHDRAWAL OF FINNIS AID TO CUBA WOULD BE TAKEN AS AN UNFREINDLY ACT BY SOVIETS, WHO WERE ALREADY UNHAPPY ABOUT SORSA'S AND GOF'S REFUSAL TO SUBMIT TO SOVIET PRESSURE ON RECOGNITION OF MPLA-ANGOLA DURING SORSA'S OFFICIAL VISIT TO MOSCOW IN JANUARY. SORSA MAY HAVE SEEN CUBAN FOREIGN AID AGREEMENT AS BALANCING ACT OFFSETTING FINNISH REFUSAL ON ANGOLA RECOGNITION. EMBASSY REQUESTS DEPARTMENT TO CONTINUE FURNISH INFO ON CUBAN EXPEDITIONARY FORCES WHICH CAN BE USED IN EFFORTS DISCOURAGE FINNISH AID TO CUBA.  
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